

GUIDELINES ON TIE-UP SCHEME WITH PARTICIPATING RECRUITMENT AGENCIES RE: AVAILMENT OF PRE-DEPARTURE LOANS

OWWA MEMORANDUM OF INSTRUCTION NO. 136 S. 1991, April 14, 1992

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I

Policy Statement

It is the policy of OWWA to provide financial assistance to all qualified and departing OCWs in line with its mandate to promote the well-being and welfare of overseas workers.

II

Description of the Scheme

The scheme provides for a standing financial tie-up between OWWA and the participating recruitment agency through a memorandum of agreement wherein the recruitment or processing fees or a portion thereof shall be charged to the proceeds of the Pre-Departure Loan availed of by the departing OCW. The participating agency shall guarantee the collection and repayment of the loan by signing in the PDL application form and other loan papers as a solidary co-maker of the loan. As solidary co-maker, the agency shall be primarily liable for the repayment of the loan on due date.

III

Purpose and Scope

To assist qualified departing OCWs in the payment of documentation expenses due their recruitment agency. This likewise covers the Pre-Departure Loan Program for qualified Mt. Pinatubo victims granting a uniform loan amount of P5,000.00 per OCW regardless of their contracted salary.

IV

General Provisions

1. All Pre-Departure Loans granted under this scheme shall be processed according to the terms and conditions of the existing Pre-Departure Loan package except that in the case of the PDL for Pinatubo victims the loanable amount per OCW is P5,000.00 regardless of their contracted salary.
2. The accumulated loan liability of any participating agency at any given time shall not exceed its loan ceiling.
3. Failure on the part of the participating agency to pay two (2) or more monthly amortizations when due shall cause any or all of the following:
 - a. The full individual loan amount shall automatically become due and demandable;
 - b. Imposition of penalty charge of 12% p.a. compounded monthly on unpaid amortizations;
 - c. Suspension or cancellation of the loan facility with the defaulting agency;

- d. Non-renewal of the loan scheme; and
- e. Collection on the surety bond.

V

Loan Ceiling

The maximum amount of cumulative loan per participating agency shall be based on the agency's paying capacity or 100% of net equity whichever is lower but not to exceed P100,000.00.

The agency's paying capacity shall be based on 80% of the agency's annual current NET income based on the last twelve (12) months immediately preceding the application period. This loan ceiling shall be reviewed and/or adjusted (as the case may be) every twelve (12) months to consider changes in the agency's paying capacity or net equity subject to the other provisions of this Memorandum.

VI

Security

The participating agency shall put up a surety bond in the amount not lower than the loan ceiling granted to said agency as pre-determined by OWWA. Such surety bond shall be issued in favor of OWWA by a duly reputable bonding company acceptable to OWWA and duly accredited by the Insurance Commission.

VII

Eligibility of Participating Agency

1. The agency shall be duly certified by POEA as an agency of good standing.
2. Disqualified from availing of this scheme are agencies who have defaulted in any of its loan liability with OWWA. The disqualification shall hold for as long as the liability remains unpaid or past due.

VIII

Documents to be Submitted

1. Individual loan application co-signed by the participating agency duly attested;
2. Articles of Incorporation or Partnership duly registered with the Securities and Exchange Commission (SEC) in case applicant is a corporation or a partnership; or Certificate of Registration of firm or business name with the Bureau of Domestic Trade (BOT) in case applicant is a single proprietorship.
3. Agency's audited financial statements for the last 3 years.
4. Duly audited interim financial statement for the current year.
5. Memorandum of Agreement.
6. Other pertinent papers that may be required relative to the availment of Pre-Departure Loans.
7. Copy of quarterly income statement submitted to the BIR shall be furnished regularly to OWWA Loans Department within one week after deadline for filing of the said quarterly returns while the tie-up or loan scheme subsists.

IX

Effectivity

This Memorandum of Instruction (MOI) shall take effect immediately.

Adopted: 1991

(SGD.) ATANACIO V. MARONILLA

Administrator

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